one of the chief resources of the Bank of France. It is the knowledge that this power of note issue can be availed of for making rediscounts, practically without limit, which enables the joint stock banks of France to do business in safety with slender cash reserves, and has made the central bank a refuge in time of trouble. It was declared by Leon Say that *[1]in times of crisis the r&le of the Bank of France was to liquidate all other banks/* meaning thereby that on such occasions paper suitable for discount and good securities are brought freely to the bank in the knowledge that they can be exchanged for notes.[1] The largest of the joint stock banks is the *Credit Lyonnais^* with deposits at the close of 1907 amounting to 1,542,800,000 francs ($298,000,000). The other two of chief importance are the *Sodet§ Ghi&mle* and *Comptoir Nationals d'JKscompte,* each with deposit obligations of over 800,000,000 francs.[3]

Apart from these differences in its position, however, the Bank of France has for many years pursued deliberately the policy of protecting its reserve under certain conditions by buying gold at a loss rather than by imposing upon commerce the burden of an increase in the discount rate. It is recognized that this method is not efficient in an economic crisis, because it does not operate upon the whole commercial structure to restrict loans and speculation and to attract capital from abroad. There are occasions on which the French method may properly be used, however, as when credit is not unduly expanded and where a demand for gold has arisen from special and recognizable causes. While this method of protecting the gold reserve was at first condemned by economists, and while their censure was well founded so far as it applied to its use to counteract the drain of a crisis and to redress the balance of the foreign exchanges, it has come to be recognized in recent years that it may be combined in a cautious manner with the English method of

*Neymarck, *Finances Contemporaines,* 493.
nrop&en, March 6, 1908, XXXIII., 295.